

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Periodic Reporting
(Proposal Seven)

Docket No. RM2019-12

CHAIRMAN'S INFORMATION REQUEST NO. 2

(Issued October 11, 2019)

To clarify the Postal Service's petition to consider proposed changes in analytical principles, filed August 23, 2019, the Postal Service is requested to provide written responses to the following questions.¹ Answers to each question should be provided as soon as they are developed, but no later than October 18, 2019.

1. Based on the Commission's preliminary analysis, supervisor costs per hour appear to be materially higher in customer service offices in Cost Ascertainment Groups (CAGs) A, B, and C, and vary on a quarterly basis.²

¹ Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Seven), August 23, 2019 (Petition). The following were filed on August 23, 2019, in support of the Petition: Library Reference USPS-RM2019-12/1, Public Material Relating to Proposal Seven, Library Reference USPS-RM2019-12/NP1, Nonpublic Material Relating to Proposal Seven.

² The Commission analyzed the quarterly Time and Attendance Collection System (TACS)/CAG workhours and quarterly accrued actual office CAG/finance group expenses. See Library Reference USPS-RM2019-12/1, folder "Prop.7.Public.Fldr.1.Files.zip," folder "Filing_Final," folder "TACSCAG," files "TACSCAG.FY18Q1.TXT.NEW," "TACSCAG.FY18Q2.TXT.NEW," "TACSCAG.FY18Q3.TXT.NEW," "TACSCAG.FY18Q4.TXT.NEW" and folder "Prop.7.Public.Fldr.1.Files.zip," folder "Filing_Final," folder "HQ624D01," files "FY181," "FY182," "FY183," and "FY184."

- a. Please discuss whether applying a system-wide, quarterly adjustment factor³ to scale the In-Office Cost System (IOCS) estimates⁴ for supervisor costs to the total costs takes into account the potential for some customer service office CAG/finance groups to have higher supervisor costs per hour.
- b. Please explain the reason(s) why the system-wide IOCS adjustment factor, referred to as the “CostControlMultiplier” in the Proposal Seven SAS program, is:
 - i. not specific to the CAG/finance group of the office supervisor costs, and
 - ii. not used to scale the IOCS-estimated supervisor costs to the actual accrued supervisor costs for the customer service offices in each CAG/finance group.
- c. Please provide an Excel file with the Fiscal year (FY) 2018 quarterly “IOCSCOSTCONTROL,” “TACSCOSTCONTROL,” and “CostControlMultiplier” variables, calculated at the supervisor office CAG/finance group level.

³ In the Proposal Seven methodology, the same quarterly cost control multiplier is used across all supervisor customer service office CAG/finance group costs rather than scaling costs to the actual stratum accrued costs (by craft and CAG/finance group of offices). This ratio is referred to as the “CostControlMultiplier” in the SAS program filed with Petition, Proposal Seven. See Library Reference USPS-RM2019-12/1, folder “Prop.7.Public.Fldr.1.Files.zip,” folder “Filing_Final,” folder “Data,” SAS data “PRCPub18CW.sas7bdat” and folder “SASPrograms,” program “ALB104CW,” code “T1.TACSCostControlNum/T2.IOCSCostControlNum as CostControlMultiplier,” and “T1.OrigCost*T2.CostControlMultiplier as TALCOSTNum.”

⁴ In the IOCS, the Postal Service actual accrued expenses by craft and CAG/finance group of the office are distributed to each sampled employee in proportion to the employee’s design weight relative to the total design weight for the stratum. See Docket No. ACR2018, Library Reference USPS-FY18-37, PDF file “USPS_FY18-37.PREFACE.pdf,” December 28, 2018, at 3, 6.

2. Please provide Sunday/holiday supervisor costs calculated at the customer service office CAG/finance group level using TACS workhour data specific to the offices in the CAG/finance group. If it is impractical to do so, please explain why.
3. Please confirm that the IOCS employee craft “supervisors” also includes professional, administrative, and technical staff.⁵ If confirmed, please provide job descriptions of these employees and specify whether their average hourly wage rates are the same as supervisors. If not confirmed, please explain.
4. The supervisor wage rate used under the Proposal Seven methodology is listed on line 413 of a prior National Payroll Hours Summary Report.⁶ The same file lists a different rate on line 459 for supervisors with an extension of “BA 4X.”⁷ Please explain how these groups of supervisors differ and explain why the hourly rate data from line 413 is used as the input.
5. In the IOCS, activity code “7631” is defined as “HIGHER LEVEL SUPERVISORS.”⁸ CAG group B offices account for 43 percent of the costs associated with this activity code (\$76.6 million), followed by CAG group A customer service offices at 31 percent (\$55.0 million), and CAG group C offices at 22 percent (\$40.1 million).⁹
 - a. Please specify whether the wage rate for “higher level” supervisors are the same as the wages for other supervisors.

⁵ See Docket No. ACR2018, Library Reference USPS-FY18-37, PDF file “USPS-FY18-37.PREFACE.pdf,” at 3, n.3.

⁶ Responses of the United States Postal Service to Chairman’s Information Request No. 1, Questions 1-4, September 17, 2019, question 1.a.

⁷ See United States Postal Service Reports, Excel file “NationalPayrollSummary_PP20_2018.xlsx,” October 11, 2018.

⁸ See Docket No. ACR2018, Library Reference USPS-FY18-37, folder “USPS-FY18-37.IOCS.zip,” folder “USPS-FY18-37,” file “MASTER.CODES.FY18.” Activity code is shown in the “F262” variable on the SAS file in folder “Data,” SAS file “prcpub18.sas7bdat.”

⁹ Commission analysis of Docket No. ACR2018, Library Reference USPS-FY18-37, folder “USPS-FY18-37.IOCS.zip,” folder “USPS-fY18-37,” folder “Data,” SAS file “prcpub18.sas7bdat.”

- b. Please specify how the activities of “higher level” supervisors differ or are similar to other supervisors.
 - c. Not all of the IOCS data collected for other supervisors appear in the SAS data file for higher level supervisors with IOCS activity code “7631.”¹⁰
Please explain any reason(s) why and how the IOCS methodology for higher level supervisors differs from other supervisors.
6. In the IOCS, variable “F9247” is described as the “IOCS CAG Group Total Tally Pool” and variable “F9249” is described as the “IOCS CAG Group Salary Pool.”¹¹
- a. Please describe and show how the quarterly supervisor office CAG/finance group total tally pool values in the “F9247” variable are derived.
 - b. Please describe and show how the quarterly supervisor office CAG/finance group salary pool values in the “F9249” variable are derived.
 - c. Please confirm that the IOCS quarterly “standard [cost] weight”¹² is derived by dividing the value in the “F9248” (“IOCS CAG Group Total Dollar Pool”) by the value in the “F9247” (“IOCS CAG Group Total Tally Pool”) variable.¹³ If not confirmed, please describe and show how the supervisor standard weight is derived.

¹⁰ For example, most are missing a test reading time, date, MODS operation number clocked into, etc. Commission analysis of Docket No. ACR2018, Library Reference USPS-FY18-37, folder “USPS-FY18-37.IOCS.zip,” folder “USPS-fY18-37,” folder “Data,” SAS file “prcpub18.sas7bdat.”

¹¹ See Docket No. ACR2018, Library Reference USPS-FY18-37, folder “USPS-FY18-37.IOCS.zip,” folder “USPS-FY18-37,” Excel file “IOCSDataDictionaryFY18.xlsx.”

¹² “The standard weight for an observation that is tabulated in CAG group x refers to the design weight of an observation sampled at a CAG group x facility without pay location over-sampling, with reading number 1 or 2, and scheduled for Monday to Friday.” See Docket No. ACR2018, Library Reference USPS-FY18-37, PDF file “USPS-FY18-37.PREFACE.pdf,” at 7, n.4.

¹³ See Docket No. ACR2018, Library Reference USPS-FY18-37, folder “USPS-FY18-37.IOCS.zip,” folder “USPS-FY18-37,” Excel file “IOCSDataDictionaryFY18.xlsx.”

- d. Please describe and show how the supervisor IOCS non-standard cost weights are derived.
- e. Please discuss and describe how, if applicable, the values in IOCS variable “F9249” (“IOCS CAG Group Salary Pool”) are related to the values in the “F9248” (“IOCS CAG Group Total Dollar Pool”) and “F9247” (“IOCS CAG Group Total Tally Pool”) variables.

By the Chairman.

Robert G. Taub